

S 2735 IS

106th CONGRESS
2d Session
S. 2735

To promote access to health care services in rural areas.

IN THE SENATE OF THE UNITED STATES

June 15, 2000

Mr. CONRAD (for himself, Mr. GRASSLEY, Mr. DASCHLE, Mr. BAUCUS, Mr. KERREY, Mr. JEFFORDS, Mr. ROCKEFELLER, Mr. THOMAS, Mr. HARKIN, Mr. ROBERTS, Mr. JOHNSON, Mr. COCHRAN, and Mrs. LINCOLN) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To promote access to health care services in rural areas.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE- This Act may be cited as the `Health Care Access and Rural Equality Act of 2000'.

(b) TABLE OF CONTENTS- The table of contents of this Act is as follows:
Sec. 1. Short title; table of contents.

**TITLE I--INCREASE IN MARKET BASKET PERCENTAGE
ADJUSTMENT FOR RURAL HOSPITALS**

Sec. 101. Increase in market basket percentage adjustment for rural hospitals.

TITLE II--CAPITAL RELIEF FOR RURAL HEALTH CARE INFRASTRUCTURE

Sec. 201. Capital infrastructure revolving loan program.

TITLE III--REFINEMENT OF THE MEDICARE DEPENDENT, SMALL RURAL HOSPITAL PROGRAM

Sec. 301. Making the medicare dependent, small rural hospital program permanent.

Sec. 302. Option to base eligibility on discharges during any of the 3 most recent audited cost reporting periods.

TITLE IV--EXEMPTION FOR MEDICARE SWING BED HOSPITALS

Sec. 401. Exemption of medicare swing bed hospitals from the prospective payment system for skilled nursing facilities.

TITLE V--TREATMENT OF PHYSICIAN PATHOLOGY SERVICES

Sec. 501. Treatment of certain physician pathology services under medicare.

TITLE VI--TECHNICAL CORRECTIONS TO THE BALANCED BUDGET REFINEMENT ACT

Sec. 601. Payments to critical access hospitals for clinical diagnostic laboratory tests.

Sec. 602. All-inclusive payment option for outpatient critical access hospital services.

Sec. 603. Extension of option to use rebased target amounts to all sole community hospitals.

Sec. 604. Grants for upgrading data systems.

TITLE I--INCREASE IN MARKET BASKET PERCENTAGE ADJUSTMENT FOR RURAL HOSPITALS

SEC. 101. INCREASE IN MARKET BASKET PERCENTAGE ADJUSTMENT FOR RURAL HOSPITALS.

Section 1886(b)(3)(B)(i) of the Social Security Act (42 U.S.C. 1395ww(b)(3)(B)(i)) (as amended by section 406 of the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999 (113 Stat. 1501A-373), as enacted into law by section 1000(a)(6) of Public Law 106-113) is amended--

(1) in subclause (XVI)--

(A) by striking `(other than sole community hospitals)' and inserting `(other than any hospital that is located in a rural area and that has less than 100 beds, is classified under subsection (d)(5)(C), or is a sole community hospital (as defined in subsection (d)(5)(D)(iii)))'; and

(B) by striking `increase for sole community hospitals' and inserting `increase for any hospital that is located in a rural area and that has less than 100 beds, is classified under subsection (d)(5)(C), or is a sole community hospital (as defined in subsection (d)(5)(D)(iii))'; and

(2) in subclause (XVII)--

(A) by inserting `(other than any hospital that is located in a rural area and that has less than 100 beds, is classified under subsection (d)(5)(C), or is a sole community hospital (as defined in subsection (d)(5)(D)(iii)))' after `for hospitals'; and

(B) by inserting `, and the market basket percentage increase for any hospital that is located in a rural area and that has less than 100 beds, is classified under subsection (d)(5)(C), or is a sole community hospital (as defined in subsection (d)(5)(D)(iii))' after `in all areas'.

TITLE II--CAPITAL RELIEF FOR RURAL HEALTH CARE INFRASTRUCTURE

SEC. 201. CAPITAL INFRASTRUCTURE REVOLVING LOAN PROGRAM.

(a) IN GENERAL- Part A of title XVI of the Public Health Service Act (42 U.S.C. 300q et seq.) is amended by adding at the end the following new section:

`capital infrastructure revolving loan program

`SEC. 1603. (a) AUTHORITY TO MAKE AND GUARANTEE LOANS-

`(1) **AUTHORITY TO MAKE LOANS-** The Secretary may make loans from the fund established under section 1602(d) to any rural entity for projects for capital improvements, including--

`(A) the acquisition of land necessary for the capital improvements;

`(B) the renovation or modernization of any building;

`(C) the acquisition or repair of fixed or major movable equipment; and

`(D) such other project expenses as the Secretary determines appropriate.

`(2) **AUTHORITY TO GUARANTEE LOANS-**

`(A) **IN GENERAL-** The Secretary may guarantee the payment of principal and interest for loans to rural entities for projects for capital improvements described in paragraph (1) to non-Federal lenders.

`(B) **INTEREST SUBSIDIES-** In the case of a guarantee of any loan to a rural entity under subparagraph (A)(i), the Secretary may pay to the holder of such loan and for and on behalf of the project for which the loan was made, amounts sufficient to reduce by not more than 3 percent of the net effective interest rate otherwise payable on such loan.

`(b) **AMOUNT OF LOAN-** The principal amount of a loan directly made or guaranteed under subsection (a) for a project for capital improvement may not exceed \$5,000,000.

`(c) **FUNDING LIMITATIONS-**

`(1) **GOVERNMENT CREDIT SUBSIDY EXPOSURE-** The total of the Government credit subsidy exposure under the Credit Reform Act of 1990 scoring protocol with respect to the loans outstanding at

any time with respect to which guarantees have been issued, or which have been directly made, under subsection (a) may not exceed \$50,000,000 per year.

`(2) **TOTAL AMOUNTS-** Subject to paragraph (1), the total of the principal amount of all loans directly made or guaranteed under subsection (a) may not exceed \$250,000,000 per year.

`(d) **ADDITIONAL ASSISTANCE-**

`(1) **NONREPAYABLE GRANTS-** Subject to paragraph (2), the Secretary may make a grant to a rural entity, in an amount not to exceed \$50,000, for purposes of capital assessment and business planning.

`(2) **LIMITATION-** The cumulative total of grants awarded under this subsection may not exceed \$2,500,000 per year.

`(e) **TERMINATION OF AUTHORITY-** The Secretary may not directly make or guarantee any loan under subsection (a) or make a grant under subsection (d) after September 30, 2005.'

(b) **RURAL ENTITY DEFINED-** Section 1624 of the Public Health Service Act (42 U.S.C. 300s-3) is amended by adding at the end the following new paragraph:

`(15)(A) The term 'rural entity' includes--

- `(i) a rural health clinic, as defined in section 1861(aa)(2) of the Social Security Act;
 - `(ii) any medical facility with at least 1, but less than 50 beds that is located in--
 - `(I) a county that is not part of a metropolitan statistical area; or
 - `(II) a rural census tract of a metropolitan statistical area (as determined under the most recent modification of the Goldsmith Modification, originally published in the Federal Register on February 27, 1992 (57 Fed. Reg. 6725));
 - `(iii) a hospital that is classified as a rural, regional, or national referral center under section 1886(d)(5)(C) of the Social Security Act; and
 - `(iv) a hospital that is a sole community hospital (as defined in section 1886(d)(5)(D)(iii) of the Social Security Act).
- `(B) For purposes of subparagraph (A), the fact that a clinic, facility, or hospital has been geographically reclassified under the medicare program under title XVIII of the Social Security Act shall not preclude a hospital from being considered a rural entity under clause (i) or (ii) of subparagraph (A).'

(c) CONFORMING AMENDMENTS- Section 1602 of the Public Health Service Act (42 U.S.C. 300q-2) is amended--

- (1) in subsection (b)(2)(D), by inserting `or 1603(a)(2)(B)' after `1601(a)(2)(B)'; and
- (2) in subsection (d)--
 - (A) in paragraph (1)(C), by striking `section 1601(a)(2)(B)' and inserting `sections 1601(a)(2)(B) and 1603(a)(2)(B)'; and
 - (B) in paragraph (2)(A), by inserting `or 1603(a)(2)(B)' after `1601(a)(2)(B)'.

TITLE III--REFINEMENT OF THE MEDICARE DEPENDENT, SMALL RURAL HOSPITAL PROGRAM

SEC. 301. MAKING THE MEDICARE DEPENDENT, SMALL RURAL HOSPITAL PROGRAM PERMANENT.

(a) PAYMENT METHODOLOGY- Section 1886(d)(5)(G) of the Social Security Act (42 U.S.C. 1395ww(d)(5)(G)) (as amended by section 404(a) of the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999 (113 Stat. 1501A-372), as enacted into law by section 1000(a)(6) of Public Law 106-113) is amended--

- (1) in clause (i), by striking `and before October 1, 2006,'; and
- (2) in clause (ii)(II), by striking `and before October 1, 2006,'.

(b) CONFORMING AMENDMENTS-

(1) TARGET AMOUNT- Section 1886(b)(3)(D) of the Social Security Act (42 U.S.C. 1395ww(b)(3)(D)) (as amended by section 404(b)(1) of the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999 (113 Stat. 1501A-372), as enacted into law by section 1000(a)(6) of Public Law 106-113) is amended--

(A) in the matter preceding clause (i), by striking `and before October 1, 2006,'; and

(B) in clause (iv), by striking `through fiscal year 2005,' and inserting `or any subsequent fiscal year,'.

(2) PERMITTING HOSPITALS TO DECLINE RECLASSIFICATION- Section 13501(e)(2) of the Omnibus Budget Reconciliation Act of 1993 (42 U.S.C. 1395ww note) (as amended by section 404(b)(2) of the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999 (113 Stat. 1501A-372), as enacted into law by section 1000(a)(6) of Public Law 106-113) is amended by striking `or fiscal year 2000 through fiscal year 2005' and inserting `fiscal year 2000, or any subsequent fiscal year,'.

SEC. 302. OPTION TO BASE ELIGIBILITY ON DISCHARGES DURING ANY OF THE 3 MOST RECENT AUDITED COST REPORTING PERIODS.

(a) OPTION TO BASE ELIGIBILITY ON DISCHARGES DURING ANY OF THE 3 MOST RECENT AUDITED COST REPORTING PERIODS- Section 1886(d)(5)(G)(iv)(IV) of the Social Security Act (42 U.S.C. 1395ww(d)(5)(G)(iv)(IV)) is amended by inserting `, or any of the 3 most recent audited cost reporting periods,' after `1987'.

(b) EFFECTIVE DATE- The amendments made by this section shall apply with respect to cost reporting periods beginning on or after the date of enactment of this Act.

TITLE IV--EXEMPTION FOR MEDICARE SWING BED HOSPITALS

SEC. 401. EXEMPTION OF MEDICARE SWING BED HOSPITALS FROM THE PROSPECTIVE PAYMENT SYSTEM FOR SKILLED NURSING FACILITIES.

(a) EXEMPTION FOR MEDICARE SWING BED HOSPITALS-

(1) IN GENERAL- Section 1888(e)(7) of the Social Security Act (42 U.S.C. 1395yy(e)(7)(A)) is amended--

(A) in the heading, by striking `TRANSITION' and inserting `EXEMPTION';

(B) by striking subparagraph (A) and inserting the following new subparagraph:

`(A) IN GENERAL- The prospective payment system under this subsection shall not apply to items and services provided by a facility described in subparagraph (B).'; and

(C) in subparagraph (B), by striking `, for which payment' and all that follows before the period.

(2) EFFECTIVE DATE- The amendments made by paragraph (1) shall take effect as if included in the enactment of section 4432 of the Balanced Budget Act of 1997 (Public Law 105-133; 111 Stat. 414).

(b) CHANGE IN EFFECTIVE DATE OF BBRA AMENDMENTS-

(1) IN GENERAL- Section 408(c) of the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999 (113 Stat. 1501A-375), as enacted into law by section 1000(a)(6) of Public Law 106-113, is amended by striking `the date that is' and all that follows before the period at the end and inserting `January 1, 2001'.

(2) EFFECTIVE DATE- The amendment made by paragraph (1) shall take effect as if included in the enactment of section 408 of the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999 (113 Stat. 1501A-375), as enacted into law by section 1000(a)(6) of Public Law 106-113.

TITLE V--TREATMENT OF PHYSICIAN PATHOLOGY SERVICES

SEC. 501. TREATMENT OF CERTAIN PHYSICIAN PATHOLOGY SERVICES UNDER MEDICARE.

(a) IN GENERAL- Notwithstanding any other provision of law, when an independent laboratory, under a grandfathered arrangement with a hospital, furnishes the technical component of a physician pathology service with respect to a fee-for-service medicare beneficiary who is an inpatient of the hospital, such component shall be treated as a service for which payment shall be made to the laboratory under section 1848 of the Social Security Act (42 U.S.C. 1395w-4) and not as an inpatient hospital service for which payment is made to the hospital under section 1886(d) of such Act (42 U.S.C. 1395ww(d)).

(b) DEFINITIONS- For purposes of this section--

(1) the term `grandfathered arrangement' means an arrangement between an independent laboratory and a hospital--

(A) that was in effect as of July 22, 1999, even if such arrangement is subsequently renewed; and

(B) under which the laboratory furnishes the technical component of physician pathology services with respect to hospital inpatients and submits a claim for payment for such component to a medicare carrier (and not to the hospital);

(2) the term 'fee-for-service medicare beneficiary' means an individual who--

(A) is entitled to benefits under part A of title XVIII of the Social Security Act (42 U.S.C. 1395c et seq.); and

(B) is not enrolled in a Medicare+Choice plan under part C of such Act (42 U.S.C. 1395w-21 et seq.), a plan offered by an eligible organization under section 1876 of such Act (42 U.S.C. 1395mm), or a medicare managed care demonstration project; and

(3) the term 'medicare carrier' means an organization with a contract under section 1842 of such Act (42 U.S.C. 1395u).

(c) EFFECTIVE DATE- This section shall apply to services furnished on or after July 22, 1999.

TITLE VI--TECHNICAL CORRECTIONS TO THE BALANCED BUDGET REFINEMENT ACT

SEC. 601. PAYMENTS TO CRITICAL ACCESS HOSPITALS FOR CLINICAL DIAGNOSTIC LABORATORY TESTS.

(a) PAYMENT ON COST BASIS WITHOUT BENEFICIARY COST-SHARING-

(1) IN GENERAL- Section 1833(a)(6) of the Social Security Act (42 U.S.C. 1395l(a)(6)) is amended by inserting '(including clinical diagnostic laboratory services furnished by a critical access hospital)' after 'outpatient critical access hospital services'.

(2) NO BENEFICIARY COST-SHARING-

(A) IN GENERAL- Section 1834(g) of the Social Security Act (42 U.S.C. 1395m(g)) is amended by inserting '(except that in the case of clinical diagnostic laboratory services furnished by a critical access hospital the amount of payment shall be equal to 100 percent of the

reasonable costs of the critical access hospital in providing such services)' before the period at the end.

(B) BBRA AMENDMENT- Section 1834(g) of the Social Security Act (42 U.S.C. 1395m(g)) (as amended by section 403(d) of the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999 (113 Stat. 1501A-371), as enacted into law by section 1000(a)(6) of Public Law 106-113) is amended--

(i) in paragraph (1), by inserting '(except that in the case of clinical diagnostic laboratory services furnished by a critical access hospital the amount of payment shall be equal to 100 percent of the reasonable costs of the critical

access hospital in providing such services)' after `such services,'; and

(ii) in paragraph (2)(A), by inserting `(except that in the case of clinical diagnostic laboratory services furnished by a critical access hospital the amount of payment shall be equal to 100 percent of the reasonable costs of the critical access hospital in providing such services)' before the period at the end.

(b) CONFORMING AMENDMENTS- Paragraphs (1)(D)(i) and (2)(D)(i) of section 1833(a) of the Social Security Act (42 U.S.C. 1395l(a)(1)(D)(i); 1395l(a)(2)(D)(i)) (as amended by section 403(e) of the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999 (113 Stat. 1501A-371), as enacted into law by section 1000(a)(6) of Public Law 106-113) are each amended by striking `or which are furnished on an outpatient basis by a critical access hospital'.

(c) TECHNICAL AMENDMENT- Section 403(d)(2) of the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999 (113 Stat. 1501A-371), as enacted into law by section 1000(a)(6) of Public Law 106-113, is amended by striking `subsection (a)' and inserting `paragraph (1)'.

(d) EFFECTIVE DATES-

(1) IN GENERAL- Except as provided in paragraph (2), the amendments made by this section shall apply to services furnished on or after November 29, 1999.

(2) BBRA AND TECHNICAL AMENDMENTS- The amendments made by subsections (a)(2)(B) and (c) shall take effect as if included in the enactment of section 403(d) of the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999 (113 Stat. 1501A-371), as enacted into law by section 1000(a)(6) of Public Law 106-113.

SEC. 602. ALL-INCLUSIVE PAYMENT OPTION FOR OUTPATIENT CRITICAL ACCESS HOSPITAL SERVICES.

(a) ALL-INCLUSIVE PAYMENT OPTION FOR OUTPATIENT CRITICAL ACCESS HOSPITAL SERVICES- Section 1834(g) (42 U.S.C. 1395m(g)) (as amended by section 601 of this Act and section 403(d) of the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999 (113 Stat. 1501A-371), as enacted into law by section 1000(a)(6) of Public Law 106-113) is amended--

(1) by striking paragraph (1) and inserting the following new paragraph:

`(1) ELECTION OF CAH- At the election of a critical access hospital, the amount of payment for outpatient critical access hospital services under this part shall be determined under paragraph (2) or (3), such amount determined under either paragraph without regard to the amount of the customary or other charge.'; and

(2) by striking paragraph (3) and inserting the following new paragraph:

`(3) ALL-INCLUSIVE RATE- If a critical access hospital elects this paragraph to apply, with respect to both facility services and professional services, there shall be paid amounts equal to the reasonable costs of the critical access hospital in providing such services (except that in the case of clinical diagnostic laboratory services furnished by a critical access hospital the amount of payment shall be equal to 100 percent of the reasonable costs of the critical access hospital in providing such services), less the amount that such hospital may charge as described in section 1866(a)(2)(A).'

(b) EFFECTIVE DATE- The amendments made by subparagraph (a) shall take effect as if included in the enactment of section 403(d) of the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999 (113 Stat. 1501A-371), as enacted into law by section 1000(a)(6) of Public Law 106-113.

SEC. 603. EXTENSION OF OPTION TO USE REBASED TARGET AMOUNTS TO ALL SOLE COMMUNITY HOSPITALS.

(a) IN GENERAL- Section 1886(b)(3)(I)(i) of the Social Security Act (42 U.S.C. 1395ww(b)(3)(I)(i)) (as added by section 405 of the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999 (113 Stat. 1501A-372), as enacted into law by section 1000(a)(6) of Public Law 106-113) is amended--

(1) in the matter preceding subclause (I)--

(A) by striking `for its cost reporting period beginning during 1999 is paid on the basis of the target amount applicable to the hospital under subparagraph (C) and that'; and

(B) by striking `such target amount' and inserting `the amount otherwise determined under subsection (d)(5)(D)(i)';

(2) in subclause (I), by striking `target amount otherwise applicable' and all that follows through `target amount')' and inserting `the amount otherwise applicable to the hospital under subsection (d)(5)(D)(i) (referred to in this clause as the `subsection (d)(5)(D)(i) amount')'; and

(3) in each of subclauses (II) and (III), by striking `subparagraph (C) target amount' and inserting `subsection (d)(5)(D)(i) amount'.

(b) EFFECTIVE DATE- The amendments made by this section shall take effect as if included in the enactment of the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999, as enacted into law by section 1000(a)(6) of Public Law 106-113.

SEC. 604. GRANTS FOR UPGRADING DATA SYSTEMS.

(a) IN GENERAL- Part B of title XVI of the Public Health Service Act (42 U.S.C. 300r et seq.) is amended by adding at the end the following new section:

`grants for upgrading data systems

`SEC. 1611. (a) GRANTS TO HOSPITALS- The Secretary may make grants to hospitals that have submitted applications in accordance with subsection (c) to assist eligible small rural hospitals in meeting the costs of establishing data systems required to meet requirements established under the medicare program pursuant to amendments made by the Balanced Budget Act of 1997 and the Health Insurance Portability and Accountability Act of 1996.

`(b) ELIGIBLE SMALL RURAL HOSPITAL DEFINED- For purposes of this section, the term `eligible small rural hospital' means a non-Federal, short-term general acute care hospital that--

`(1) is located in a rural area, as defined for purposes of section 1886(d) of the Social Security Act; and

`(2) has less than 50 beds.

`(c) APPLICATION- A hospital seeking a grant under this section shall submit an application to the Secretary on or before such date and in such form and manner as the Secretary specifies.

`(d) AMOUNT OF GRANT- A grant to a hospital under this section may not exceed \$50,000.

`(e) USE OF FUNDS- A hospital receiving a grant under this section may use the funds for the purchase of computer software and hardware, the education and training of hospital staff on computer information systems, the expenses related to the administrative simplification requirements under part C of title XI of the Social Security Act, and to offset costs related to the implementation of prospective payment systems under title XVIII of such Act.

`(f) REPORTS-

`(1) INFORMATION- A hospital receiving a grant under this section shall furnish the Secretary with such information as the Secretary may require to evaluate the project for which the grant is made and to ensure that the grant is expended for the purposes for which it is made.

`(2) TIMING OF SUBMISSION-

`(A) INTERIM REPORTS- The Secretary shall report to the Committee on Commerce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions of the Senate at least annually on the grant program established under this section, including in such report information on the number of grants made, the nature of the projects involved, the geographic distribution of grant recipients, and such other matters as the Secretary deems appropriate.

`(B) FINAL REPORT- The Secretary shall submit a final report to such committees not later than 180 days after the completion of all of the projects for which a grant is made under this section.

`(g) AUTHORIZATION OF APPROPRIATIONS- There are authorized to be appropriated such sums as may be necessary for grants under this section.'

(b) CONFORMING AMENDMENT- Section 1820(g)(3) of the Social Security Act (42 U.S.C. 1395i-4(g)(3)) (as added by section 409 of the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999 (113 Stat.

1501A-375), as enacted into law by section 1000(a)(6) of Public Law 106-113) is repealed.

END